

**MINUTES OF THE JOINT EXECUTIVE APPROPRIATIONS  
COMMITTEE MEETING  
FEBRUARY 19, 2009, 4:00 P. M.  
Room 30, House Building, State Capitol Complex**

Members Present: Rep. Ron Bigelow, Co-Chair  
Sen. Lyle W. Hillyard, Co-Chair  
Sen. Peter C. Knudson, Vice Chair  
Rep. Bradley G. Last, Vice Chair  
Sen. Gregory S. Bell  
Rep. David Clark, Speaker  
Rep. Brad L. Dee  
Rep. Kevin S. Garn  
Rep. James R. Gowans  
Sen. Scott K. Jenkins  
Sen. Patricia W. Jones  
Sen. Sheldon L. Killpack  
Rep. David Litvack  
Rep. Rebecca D. Lockhart  
Sen. Karen Mayne  
Rep. Carol Spackman Moss  
Sen. Ross I. Romero  
Rep. Jennifer M. Seelig  
Sen. Michael G. Waddoups, President

Members Excused: Sen. Luz Robles

Staff Present: Jonathan Ball, Legislative Fiscal Analyst  
Steven Allred, Deputy Director  
Greta Rodebush, Secretary  
Karen C. Allred, Secretary

Speakers Present: Sen. Allen M. Christensen  
Rep. John Dougall  
Sen. Howard A. Stephenson  
Rep. Merlynn T. Newbold  
Sen. David P. Hinkins  
Rep. Michael T. Morley  
Sen. Kevin VanTassell  
Rep. Wayne A. Harper  
Sen. John L. Valentine  
Rep. Kory M. Holdaway

**Note:** A copy of related materials, and an audio recording of the meeting can be found at [www.le.utah.gov](http://www.le.utah.gov)

A list of visitors and a copy of handouts are filed with the committee minutes.

**1. Call to Order and Approval of Minutes**

Committee Co-Chair Hillyard called the meeting to order at 4:17 p.m. There were no minutes to approve.

**2. Continuation of Business from Previous Meeting, if Needed**

There was no business from the previous meeting.

Co-Chair Hillyard announced that there is overflow space in Room 25 of the House Building.

**3. Subcommittee Reports**

**a. *Health and Human Services***

Sen. Allen M. Christensen and Rep. John Dougall, Co-Chairs, Health and Human Services Appropriations Subcommittee, presented the report. They were assisted by LFA staff, Russell Frandsen and Stephen Jardine.

Rep. Dougall reported on the FY 2010 Ongoing General/Education Fund Reductions Priorities (page 5-27) and the FY 2009 budget modifications. The subcommittee's philosophy was to cut ancillary programs first, followed by internal cuts to the agencies, provider rate rollbacks, and lastly, services. The subcommittee tried to protect services at the grass roots level.

Co-Chair Hillyard commented that this meeting is for reports only, and no action will be taken today on the information reported.

Sen. Christensen reported that the subcommittee spent long hours making these decisions, and he appreciated the cooperation of the department heads. They cut down to the bare levels on some programs, and others just cut a little. He explained that the line item cuts were very painful reductions.

Sen. Jones asked for comment on the potential loss of federal match money and how it pertains to local funding. Sen. Christensen responded that the \$62 million cut in state funding will result in a loss of \$105 million in federal money, for a total of \$167 million. They tried not to cut federal money, but had to in order to make required reductions. Rep. Dougall stated that some federal funding flows directly down to the counties which means they will be impacted as well.

Rep. Litvack asked if the \$105 million loss of federal funds were state and county funds, or just state funds. Sen. Christensen responded that it was just the state portion.

Rep. Litvack asked what the impact would be at the county level. Rep. Dougall responded that it will be approximately \$15 million. Rep. Litvack asked that if these cuts were to go through, how many FTEs are direct service providers. Rep. Dougall responded that it depends on how the departments implement the cuts and that will be the decision of the directors. Sen. Christensen responded that the total FTE cut for Health and Human Services in FY 2010 represents 750

FTEs. There are 4,606 FTE appropriated for FY 2010. Rep. Litvack commented that according to the director of the Department of Human Services, a great share of these FTE cuts will be direct service providers, not administrative.

Rep. Moss inquired about the cuts for mental health and if there are matching federal funds. Rep. Dougall responded that the cuts are just local funding and do not include the State Hospital. He stated that the itemized funding cuts for the State Hospital are listed in the FY 2009-10 General /Education Fund Reallocations (page 5-29). Rep. Moss asked if those cuts have matching federal funds and what they would amount to. Rep. Dougall responded that they do, but he did not have that information, but can get it for the committee.

Co-Chair Hillyard asked if the cuts are affecting the local providers more than the state level. Rep. Dougall responded that earlier proposals had more impact on the locals, but the subcommittee has subsequently tried to balance those cuts by making the allocations more equitable to the locals and the state.

**b. *Public Education***

Sen. Howard A. Stephenson and Rep. Merlynn T. Newbold, Co-Chairs, Public Education Appropriations Subcommittee, presented the report. They were assisted by LFA staff, Ben Leishman and Patrick Lee.

Rep. Newbold detailed the subcommittee's budget recommendations for Public Education in FY 2010. She reported an anticipated revenue decrease Interest and Dividends Revenue to fund the School LAND Trust program; an anticipated increase in property tax revenue from the Basic Levy; an anticipated revenue decrease in the property tax revenue supporting the Voted & Board Leeways; and a transfer from the Minimum School Program to the Utah Schools for the Deaf and Blind to fund the Utah State Instructional Materials Accessibility Center (USIMAC).

For FY 2009, the subcommittee recommends backfilling the one-time reduction to the Capital Outlay programs in FY 2009 with one-time funding appropriated in S.B.4 (2009 General Session) to support the Educator Salary Adjustment Program. The subcommittee also recommended intent language granting the State Board of Education non-lapsing authority for General Fund appropriations supporting the Carson Smith Special Needs Scholarships.

Rep. Newbold stated that the subcommittee reduced the Minimum School Program by about \$166 million to meet the required 15 percent reduction target. The reductions focused on trying to maintain the Basic School Program which provides the core funding for all schools. The subcommittee did not recommend reducing funding for the Educator Salary Adjustments made in the last two years, Charter School Local Replacement & Administrative Costs, the K-3 Reading Program, the Electronic High School, and the School LAND Trust program. The subcommittee voted to delay the statutory rate increase required for the Voted and Board Leeway programs for one year.

Rep. Newbold outlined a number of programmatic reductions listed on page 8-17 and reviewed

changes made to the budgets for the education agencies listed on page 8-3 and page 8-19. The subcommittee did not prioritize the reductions made, but did recommend add-backs in two areas: \$825,300 for the Direct Writing Assessment and \$349.9 million to Social Security & Retirement.

The subcommittee recommended one high priority request for new funding in FY 2010 --student enrollment growth. The subcommittee also included a motion that would allow the districts to reduce the school year by five days. Sen. Stephenson clarified that this would include a mixture of teacher preparation days and classroom days at the discretion of the school districts.

Sen. Stephenson stated that a memorandum, dated February 19, 2009, was distributed to the committee. It describes three budget issues that came to light after the conclusion of the subcommittee's work on February 12, 2009. Two of these items include ongoing programs funded with one-time appropriations in FY 2009 that will not have funding in the coming year. The third item deals with two programs that will likely receive a higher percent reduction than previously anticipated. The programs were double-cut unintentionally. The co-chairs requested that the Executive Appropriations Committee include these items in their discussion of the Public Education Budget. These items are: the Critical Languages & Dual Immersion Programs, English Language Learner - Software Licenses; and Fine Arts Outreach (POPS) & Science Outreach (iSEE).

Co-Chair Hillyard accepted the co-chair's request and will include these items in the committee's considerations.

Sen. Stephenson expressed appreciation for the exceptional work of LFA staff, Ben Leishman and Patrick Lee.

Co-Chair Hillyard also recognized LFA staff, Russell Frandsen and Stephen Jardine, for their work with the Health and Human Services Appropriations Subcommittee.

Sen. Romero asked if the memorandum was approved by the subcommittee or recommended by the co-chairs. Sen. Stephenson explained that it is the co-chairs recommendation because the subcommittee did not meet after the co-chairs became aware of the issues.

Sen. Jones asked about the Reduction to Social Security & Retirement (page 8-17), and the subcommittee's high priority for back fill. Rep. Newbold explained that 85 percent of all education dollars are spent on personnel. Social Security and Retirement is a below the line item and is not tied to the WPU. If back fill monies are available, this is one of the first items the subcommittee would like backfilled.

Sen. Jones asked if Social Security and Retirement are not backfilled, what does this mean to the educator. Rep. Newbold responded that educators will still be paid Social Security and Retirement, but the districts will receive less help from the State to meet those costs.

Sen. Stephenson asked Mr. Leishman to describe how the add back for Social Security and Retirement would work using the budget reduction figures on page 8-17. Mr. Leishman

explained that the \$96,497,149 is the remaining amount left in Social Security & Retirement Program for FY 2009. The total amount appropriated to this program in FY 2009 was \$349.9 million.

Speaker Clark inquired about the reduction, Reduce & Restructure the Professional Staff Cost Formula (page 8-17), that essentially eliminates the Step and Lane Program. He commented that this is a broadly accepted program in salary structure across school districts and would require a fairly significant policy change. Rep. Newbold explained that currently teachers' salaries are based on minimum years of service and education degrees. Since salaries represent 85 percent of the public education budget, this would be one area where cuts could be made. Sen. Stephenson added that the state should fund students and teachers on an equal basis and let individual districts decide if performance pay is deserved, and how to fund it.

Speaker Clark commented that this policy change would have a disproportionate effect especially on the smaller schools that have well-established teaching programs based on tenure and educational degrees. He stated that the impact on school districts is going to be rather pronounced. Rep. Newbold responded that she was made aware earlier that day that there was a disproportionate share and she offered to provide Executive Appropriations with those numbers. She stated that in their deliberations, the subcommittee tried not to disproportionately effect one district more than another.

Sen. Mayne asked about the reduction, Eliminate Matching Funds for School Nurses (page 8-17). Sen. Stephenson responded that in these lean years, the subcommittee felt that if schools wanted to continue with school nurses, they should make that decision within existing resources and should not be earmarked by the state. Sen. Mayne stated that this program is critical and should be reconsidered.

Rep. Seelig asked about EdContracts - Reduce Services to Incarcerated Students (page 8-17). Sen. Stephenson stated that the subcommittee wants to focus the reduced funding on students who are first time offenders. Mr. Leishman explained that the State Board of Education contracts with certain school districts to provide educational services to help high school students who are in state custody, and individuals at the prison without a high school diploma. This reduction will not effect youth who are serviced at the State Mental Hospital.

### ***c. Commerce and Workforce Services***

Sen. David P. Hinkins and Rep. Michael T. Morley, Co-Chairs, Commerce and Workforce Services Appropriations Subcommittee, presented the report. They were assisted by Danny Schoenfeld, LFA staff.

Sen. Hinkins reported that the subcommittee received input from eight agencies: Department of Alcohol Beverage Control, Department of Commerce, Department of Financial Institutions, Department of Insurance, Labor Commission, Department of Workforce Services, Public Service Commission, and the Utah State Office of Rehabilitation.

Sen. Hinkins highlighted FY 2010 base budget recommendations on page 2-2 which included an increase of \$2.8 million of the General Fund Restricted - Special Administrative Expense account for FY 2010. These monies are collected from Penalties and Interest in the Unemployment Insurance Program. The Legislature appropriated \$1.5 million H.B. 3.

Additionally, no fee increases were recommended in reaching the 15 percent reduction target nor were they used as offsets. The subcommittee reached its overall 15 percent reductions by including the 7.5 percent reduction in H.B. 3 from the 2009 General Session.

Rep. Morley reviewed the FY 2010 Ongoing General/Education Fund Budget Reduction Priorities (page 2-41) for each of the agencies. He pointed out that DWS - General Assistance was cut heavily by \$2.2 million. Due to maintenance requirements and federal funding in other program areas, DWS - General Assistance was the only available source of General Fund money reduction. There was also a \$1.2 million reduction in DWS - Personnel Reduction, which represents approximately 75 FTE. There are some federal funds associated with this line item. The total budget reduction is \$7.5 million.

The subcommittee also recommended from the General Fund Restricted Liquor Control Account, bond payments for new stores put in service, FTEs for the management and operation of stores, and additional revenue for packaging agencies associated with DABC.

Rep. Litvack asked about the \$1.3 million cut to USOR - Rehabilitation Services Reduction (page 2-41). Rep. Morley responded that the reduction will affect the retraining program.

Co-chair Bigelow asked Rep. Morley to comment on the \$2.8 million that was reallocated in the subcommittee. Rep. Morley responded that it is from the General Fund Restricted Special Administration Account for Penalties & Interest collected on the Unemployment Insurance Trust Fund. If they collect it, they are authorized to spend up to that amount.

Rep. Morley thanked Danny Schoenfeld, LFA staff, for the invaluable help he provided to the subcommittee and the co-chairs.

**d. *Transportation, Environment Quality, and National Guard***

Sen. Kevin VanTassell and Rep. Wayne A. Harper, Co-Chairs, Transportation, Environmental Quality, and National Guard Appropriations Subcommittee, presented the report. They were assisted by Mark Bleazard, LFA staff.

Rep. Harper commented on the funding challenges in Transportation. There is a huge amount of federal funds or transportation funds in this subcommittee. He pointed out that it is projected that there will be a \$62 million decrease in revenue from decreased motor fuel tax and sales tax to the Transportation Fund.

Rep. Harper referenced the 15 percent budget recommendations listed in the FY 2010 Ongoing

General/Education Fund Reductions Priorities (page 9-39). He noted that these reductions are heavy in personnel cuts.

Rep. Harper also noted a budget reallocation that addresses the loss of federal funds for the National Guard. The subcommittee recommended that funds remaining from a study be used to help sustain operation and maintenance costs and staffing for the new National Guard Armory (page 9-41). The subcommittee was not able to come up with \$485,000 one-time funding for the VA Nursing Home, which opens up in November, to cover the first two months of maintenance, and \$135,000 for a full time employee.

Rep. Harper noted that the subcommittee made two motions (page 9-43). The first motion requests that a study be conducted either as part of interim committee work in 2009 or task force to look at potential restructuring or consolidations of agencies, including but not limited to DEQ, Health, Human Services, Workforce Services, and Public Safety. The second motion is to authorize the issuance of bonds against existing revenue streams from various UDOT funds for transportation projects, namely, I-15 Utah County; Mountain View Corridor, SLC County; and Southern Parkway, Washington County.

Sen. VanTassell offered some concluding remarks and thanked Rep. Harper and Mark Bleazard, LFA staff, for their help in prioritizing projects that are vital to the State of Utah.

***e. Higher Education***

Sen. John L. Valentine and Rep. Kory M. Holdaway, Co-Chairs, Higher Education Appropriations Subcommittee, presented the report. They were assisted by LFA staff, Spencer Pratt and Patrick Lee.

Sen. Valentine reported on the FY 2010 Budget Recommendations (page 6-2) that reflect the subcommittee's actions following H.B. 3. The subcommittee also identified the additional cuts to get to the 15 percent reduction target as found in the FY 2010 Ongoing General/Education Fund Reduction Priorities (page 6-13). Sen. Valentine stated that the cuts made to the institutions of Higher Education, Utah Education Network, and the Medical Education Council in the amount of \$155,767,300 are approximately equal to the remaining state tax funds in the budgets of Weber State University, Utah Valley University, Snow College and Dixie College combined. As a result of these cuts, a different product will be delivered in Higher Education and campuses and courses will have to be closed.

Sen. Valentine remarked that the subcommittee has given each of the institutions freedom in how to make their budgets work for them.

The subcommittee also approved a one-time reduction of pre-funded O & M for three new buildings, a transfer of revenue in Jobs Now funding from the State Board of Regents to the Utah College of Applied Technology, and the creation of a new line item for the Utah Education Network. In addition, intent language addresses the concern of state institutions providing

cosmetology and barbering training in competition with private sector providers of similar training.

Finally, Sen. Valentine reported that in order to allow for more flexibility, new line items were consolidated from eleven down to five in the State Board of Regents, which will require certain statutory changes.

Rep. Holdaway distributed the handout, 'Utah System of Higher Education, Total Enrollment Fall 3rd Week 2008,' and reported on enrollment growth. When the economy is bad, there tends to be an increase in attendance. The institutions have to take a cut in funds and then try to deliver services to more students, both in UCAT institutions and Higher Education institutions. Utah Education Network has offered ideas to improve efficiency in the case of distance learning, if funds come back. Studies show that for every dollar spent in Higher Education, seven dollars are returned.

Sen. Valentine commented that the growth is not equal throughout the institutions. Because there is no funding left, the subcommittee has had to stop UEN's build-out, and the K-6 program will be put on hold for the immediate future.

Rep. Holdaway added that the Research Institutions have a separate role and their growth is not as much, but their costs are great.

Co-Chair Bigelow asked if the legislation to consolidate line items is for the current year, FY 2009-2010 or was it ongoing. Sen. Valentine responded that the consolidation would be ongoing but the flexibility to move funds between line items would be limited to that one year only. Co-Chair Bigelow asked why there was a problem in cosmetology and barbering now, since the program has been going on approximately 40 years. Sen. Valentine responded that this has to do with expanding programs with the private sector. Rep. Holdaway added that the concern was in allowing the private sector and the colleges to work together more collaboratively.

Rep. Litvack asked if there are any numbers that compare UCAT enrollment growth to the economy. Rep. Holdaway responded that he didn't have any percentages, but it is comparable with the universities.

Sen. Valentine commented that the subcommittee did not use one-time reductions as part of the Executive Appropriations Committee required cuts either in FY 2009 or FY 2010. They are all ongoing reductions.

Rep. Holdaway commented that the subcommittee made a motion that the subcommittee would like to have a say in how any back fill funds are allocated.

Co-Chair Bigelow asked if the add backs were going to be proportional to every institute. Rep. Holdaway responded that if there are add backs, the subcommittee would like to be able to re-evaluate their priorities. Sen. Valentine also added that the subcommittee would like to have a chance to examine how funds would be added back in.



Co-Chair Hillyard expressed his appreciation to LFA staff, Spencer Pratt and Patrick Lee.

**f. *Legislature***

Jonathan Ball, Legislative Fiscal Analyst, presented the report for Legislative Offices.

Mr. Ball reported on the FY 2010 Budget Recommendations under Tab 10. Page 10-2 reflects the 11.2 percent base budget cut for the 2nd Special Session and H.B. 3. There is a reduction of three auditors, two economists/fiscal analysts, three attorneys/research analysts, two research assistants, and one law clerk. Additionally, all comp-time pay out, most in state and out-of-state travel, and some current expenses will be eliminated. Page 10-3 shows the remainder of the 15 percent or total 19 percent cut, for a reduction of two additional performance auditors, two fiscal analysts, and five research analysts/attorneys.

Mr. Ball also noted that there will also be reductions in the Senate and House budgets and legislator pay has already been reduced.

**5. Other Business**

Co-Chair Hillyard entertained a motion from Co-Chair Bigelow.

**MOTION:** Co-Chair Bigelow moved to adjourn.

The motion passed unanimously with Sen. Mayne absent for the vote.

The meeting was adjourned at 5:27 p.m.

Minutes reported by Greta Rodebush and Karen C. Allred, Committee Secretaries.

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Sen. Lyle W. Hillyard, Co-Chair

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Rep. Ron Bigelow, Co-Chair